

**POLARIS INDUSTRIES INC.
BOARD OF DIRECTORS
COMPENSATION COMMITTEE CHARTER**

Adopted: January 23, 2003

As amended by the Board on January 22, 2004, April 21, 2005 and January 19, 2006

I. Purpose of Committee

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Polaris Industries Inc. (the "Company") assists the Board in establishing a philosophy and policies regarding executive and director compensation, provides oversight to the administration of the Company's director and executive compensation programs and administers the Company's stock option, restricted share and other equity based plans, reviews the compensation of directors, executive officers and senior management, and prepares any report on executive compensation required by the rules and regulations of the Securities and Exchange Commission (the "SEC") or other regulatory body.

II. Committee Membership

The members of the Committee shall be elected by the Board on the recommendation of the Corporate Governance and Nominating Committee. The Board may remove any member from the Committee at any time with or without cause. The Committee shall be comprised of two or more Directors as determined by the Board, each of whom shall have been affirmatively determined by the Board to be an Independent Director, as defined in the Company's Corporate Governance Guidelines, and to meet the independence requirements of the Securities and Exchange Commission and the New York Stock Exchange.

III. Committee Structure and Operations

The Board shall designate one member of the Committee as its Chair. The Committee shall meet in person or telephonically as often as necessary, at a time and place determined by the Committee Chair, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its Chair. A majority of the Committee members currently holding office constitutes a quorum for the transaction of business. The Committee shall take action by the affirmative vote of a majority of the Committee members present at a duly held meeting.

IV. Committee Duties and Responsibilities

The following are the duties and responsibilities of the Committee:

1. In consultation with the Board and senior management, establish the Company's director and executive compensation philosophy, and oversee the development and implementation of director and executive compensation programs.
2. Review and approve, after consultation with the Board, corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives and any other criteria established by the Board, and together as a Committee or together with the other Independent Directors of the Company (as directed by the Board) determine and approve the CEO's compensation level based on this evaluation.
3. At the direction and subject to the oversight of the Board, the Chairman of the Compensation Committee shall negotiate the CEO's compensation package.
4. Make recommendations to the Board with respect to non-CEO executive officer compensation and the Company's incentive compensation plans and equity-based plans; oversee the activities of the individuals and committees responsible for administering these plans; and discharge any responsibilities imposed on the Committee by any of these plans.
5. Review with the Chief Executive Officer the confidential written procedure for the timely and efficient transfer of his or her responsibilities in the event of his or her sudden incapacitation or departure, including recommendations for longer-term succession planning.
6. In consultation with senior management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
7. Prepare and issue the evaluations and reports required under "Committee Reports" below.
8. Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's executive compensation programs.

V. Committee Reports

The Committee shall produce the following reports and provide them to the Board.

1. An annual Report of the Compensation Committee on Executive Compensation for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
2. An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this charter, recommend any amendments to this charter deemed necessary or advisable by the Committee and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair of the Committee or any other member of the Committee designated by the Committee to make this report.
3. A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

VI. Delegation to Subcommittee

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) "Non-Employee Directors" for the purposes of Rule 16b-3 of the Securities Exchange Act of 1934, as in effect from time to time, and/or (ii) "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time.

VII. Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain independent counsel and other independent experts or consultants. The Committee shall have the sole authority to select, retain and terminate a compensation consultant and to approve the consultant's fees and other retention terms.